



**STATEMENT OF PROCEEDINGS
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012**

Thursday, May 17, 2012

10:30 AM

AUDIO LINK FOR ENTIRE MEETING. (12-2760)

Attachments: [AUDIO](#)

Present: Chair Genie Chough, Vice Chair Dorinne Jordan and Member Louisa Ollague, and Member Allen Gomez

Excused: Member Carl Gallucci and Member Lori Glasgow

Call to Order. (12-1497)

The meeting was called to order by Chair Genie Chough at 10:35 a.m.

I. ADMINISTRATIVE MATTERS

1. Approval of the April 19, 2012 meeting minutes. (12-2127)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. OLD BUSINESS

2. Department of Health Services Community Health Plan Pharmacy Service Contract Compliance Audit (1/26/12) (Continued from meetings of 2/16/12 and 4/19/12). (12-0583)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

3. Hub Cities Consortium - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review (2/15/12) (Continued from meeting of 4/19/12). (12-0978)

Jackie Sakane, Community and Senior Services (CSS), reported they are in the resolution process and CSS is working with the agency to resolve the remaining questioned costs of \$71,894. Ms. Sakane added that American Recovery and Reinvestment Act (ARRA) funds that have been recuperated will be returned to the State.

Jackie Sakane was asked to email the Committee and provide the amount already paid to the State, for questioned costs or issues, as a result of ARRA.

By Common Consent, there being no objection, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

4. Sheriff's Department Procurement Review (2/15/12) (Continued from meeting of 4/19/12). (12-0981)

Jim Schneiderman, Auditor-Controller, reported that most of the issues found at the Sheriff's Department are similar to those identified in other procurement reviews with the exception of issues related to the Pharmacy Services unit.

Chuck Porter, Sheriff's Department, reported that procurement, distribution and inventory of drugs, narcotics and non-narcotic drugs, are all elements distributed from one location, the Pharmacy at the Twin Towers facility, and that these operations are executed with limited space.

Glen Joe, Sheriff's Department, explained that cost saving initiatives, when purchasing drugs, include the 340B Drug Pricing Program, AutoMed machines and the purchase of generic versus name brand drugs.

Chuck Porter responded to questions posed by the Committee in regard to a perpetual inventory system for the pharmaceuticals.

Robert Campbell, Auditor-Controller, reported that findings from the review indicated that inventory of the drugs, at the Pharmacy Service unit, is done once a year and there is a need to put an infrastructure in place as a tracking system.

Glen Dragovich, Sheriff's Department, responded to questions posed by the Committee with regard to purchases of ink cartridges, other purchases, and storage. The Committee commended the Department on their procurement review and requested that Sheriff Staff prepare a fact-sheet, reflecting centralized inventory practices, to be used as best practices for other Departments.

After discussion, by Common Consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 5.** Department of Children and Family Services' Youth Development Services Division - Phase I Report (Board Agenda Item 51-B, June 14, 2011) (3/13/12) (Continued from meeting of 4/19/12). (12-1188)

Jim Schneiderman, Auditor-Controller, reported that it is not yet determined whether the remaining funds, from the Transitional Housing Program, can be transferred to the DCFS Children's Trust Fund rather than the Treasurer and Tax Collector's General Fund. Mr. Schneiderman will inform the Committee once an answer is obtained.

On a motion of Genie Chough, seconded by Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

- 6.** Personal Assistance Services Council of Los Angeles County - A Department of Public Social Services In-Home Supportive Services Program Provider - Contract Compliance Review (3/19/12) (Continued from meeting of 4/19/12). (12-1270)

Aggie Alonso, Auditor-Controller, reported that due to the poor internal controls, consisting of communications and portable equipment, there is a strong need to amend the contract to include more specific criteria and provide more oversight.

On a motion of Louisa Ollague, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

7. Countywide Contract Management Risk Assessment and Audit Plan (4/12/12)
(Continued from meeting of 4/19/12). (12-1647)

Aggie Alonso, Auditor-Controller, reported that a risk assessment of each department's contract operations was performed to identify high risk departments. Department contract operations were evaluated by using risk factors to composite a score and determine if the department is a high risk, medium risk or low risk department:

Based on the risk assessment, Mr. Alonso presented the Committee with a five year proposal plan to audit and monitor the contracting operations for the 8 high risk departments and the 14 medium risk departments. The audits will cover evaluations of contracting administration, solicitations, monitoring efforts and risk assessments of all contracts.

Mr. Alonso added that they have had several meetings with Health Services and have secured funding for the Fiscal Year (FY) 2012-13 audit plan. Discussions with the Chief Executive Office and other departments will be conducted in order to try and secure funding for FY 2013-14 through FY 2016-17.

Mr. Alonso responded to questions posed by the Committee with regard to some of the high risk and medium risk departments and factors, such as entries into the Contractor Alert Reporting Database (CARD), which contributed to the criteria used for the assessment.

On motion of Genie Chough, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

8. Review of the Office of the Assessor's Compliance with Board Information Technology and Security Policies (4/13/12) (Continued from meeting of 4/19/12). (12-1646)

Robert Campbell, Auditor Controller, responded to questions posed by the Committee with regard to County leased space that was also being used by the landlord for personal possessions.

Chair Genie Chough requested Auditor-Controller staff prepare a list containing the names, titles and work locations of the 57 Assessor employees who were identified as having three or more computers and asked that some employees from the list and George Renkei, Chief Deputy Assessor, be invited to attend the next meeting.

Discussion about Services and Supplies (S&S) funds and potential misuse of such funds ensued.

By common consent, there be no objection, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

III. REPORTS

- 9.** Department of Children and Family Services - Mileage and Travel Expense Claim Review (4/17/12). (12-2115)

Jim Schneiderman, Auditor-Controller, responded to questions posed by the Committee with regard to the bulk of the mileage reimbursement cost.

Robert Campbell, Auditor-Controller, added that other Departments who have also received a substantial amount of mileage reimbursement are also queue for review.

Young Kwon, Auditor-Controller, reported that the 20 DCFS employees selected for the review were chosen based on the high mileage commutes reported however the selection process was also geared toward covering individuals from different regional offices.

Robert Campbell stated that all of the supervisors interviewed indicated that they did not review the claims before approving them.

Mr. Kwon stated that since the review, DCFS has implemented a new online tracking system that requires supervisory approval.

Judi Thomas, Auditor-Controller, stated that in addition to the new DCFS online tracking system, Auditor-Controller is working on a County-wide application that would add more control over mileage claims.

Conversation ensued about whether further reviews should be conducted for older mileage claims.

On motion of Genie Chough, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

10. Status Report - Extension Request for Review of the Sheriff's Department Aero Bureau and Maritime Operations (Board Agenda 4/3/2012, Item 2) (5/7/12). (12-2116)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

11. Comprehensive Schedule of Audits and Results for DCFS Group Home and Foster Family Agency Contractors. (12-2118)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

12. Los Angeles County Office of Education - A Department of Public Social Services Greater Avenues for Independence (GAIN) Program Provider - Contract Compliance Review (5/7/12). (12-2119)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT - AC REPORT](#)

13. Fiscal Year 2011-12 Third Quarter Report on Audit-Related Funding Transferred from General Fund Departments (5/8/12). (12-2120)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

14. Foothill Family Service - A Department of Public Social Services Domestic Violence Supportive Services Program Provider - Contract Compliance Review (5/9/12). (12-2121)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

15. Mexican American Opportunity Foundation - A Community and Senior Services' Workforce Investment Act Youth Programs Provider - Contract Compliance Review - Fiscal Years 2010-11 and 2011-12 (5/9/12). (12-2122)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

16. Comprehensive Community Services of South Bay, Inc. - A Community and Senior Services' Workforce Investment Act Youth Program Contract Service Provider - Contract Compliance Review - Fiscal Years 2010-11 and 2011-12 (5/9/12). (12-2123)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

17. Los Angeles Community College District - Los Angeles Mission College Contract Review - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review - Fiscal Years 2009-10 and 2010-11 (5/9/12). (12-2124)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

18. Community and Senior Services - Reviews of Workforce Investment Act Waiver Youth Employment Program Service Providers - Fiscal Year 2011-12 Summary Report (5/9/12). (12-2128)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

19. East Valley Community Health Center, Inc. - Department of Public Health HIV/AIDS Care and Prevention Service Contract Provider - Fiscal Review (5/10/12). (12-2131)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

20. Friends Research Institute, Inc. - A Department of Public Health HIV/AIDS Prevention Service Contract Provider - Fiscal Review (5/10/12). (12-2132)

On motion of Louisa Ollague, seconded by Allen Gomez, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

21. Community and Senior Services Procurement Review (5/10/12). (12-2134)

Gerry Nelson, Community and Senior Services (CSS), reported of policies and procedures that have been implemented since the Auditor-Controller visit in 2009. At the time, Auditor-Controller conducted audits for Fiscal Years (FY) 2007-08 and 2008-09. Mr. Nelson also reported of a Control Assets Tracking Management System, created with the help of the Chief Information Office (CIO) in order to track capital and non-capital equipment. In addition, they have taken strong measures and are holding Managers accountable for all purchases.

Jim Schneiderman, Auditor-Controller, reported that many issues were similar to other Departments with the exception of the off-site storages.

Ellie Wolfe, CSS, advised that there will be a future meeting, with the Chief Executive Office, to conduct a physical examination of the material in the off-site storages.

Teresa Montes de Oca, CSS, responded to questions posed by the Committee with regard to internal compliance for procurement.

On motion of Allen Gomez, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

IV. DISCUSSION ITEMS

22. CSS Monitoring Update. (11-2307)

Jackie Sakane, Community and Senior Services (CSS), reported that resolution efforts continue and several years, including Fiscal Year (FY) 2006-07, have been fully resolved. Ms. Sakane added that the FY 2010-11 Workforce Investment Act (WIA) is currently being worked on, due to Hub Cities, and there is also work being conducted on the WIA Weaver Youth Employment Program (WWYEP) and the 2011-12 WIA.

Attachments: [SUPPORTING DOCUMENT](#)

23. Discussion regarding overpayments and questioned costs of contracts relating to the Department of Public Health as requested by Louisa Ollague at the meeting of 4/19/12. (12-2103)

By common consent, there being no objection, this item was continued to the next meeting.

24. Use Tax Liability. (12-2160)

Connie K. Chung, Auditor-Controller, reported that the State Board of Equalization (BOE) has indicated an advanced deposit can be made based on the prior BOE Sales and Use Tax Audit liability in order to stop interest from accruing while the present audit is being conducted. Ms. Chung stated that it is recommended that a portion of the projected tax liability and not the entire base be used as reference for the advanced deposit.

John Naimo, Auditor-Controller, added that it is economically beneficial to make the advanced deposit to reduce the interest, instead of leaving the funds in the Treasury Pool, considering the 0.8% current Treasury Pool Rate. Mr. Naimo also stated that the deposit would come from the General Fund Cash Balance and will be posted as a receivable from the State. The County can demand the money back if needed.

V. CLOSED SESSION

**25. PENDING LITIGATION - SIGNIFICANT EXPOSURE TO LITIGATION
(Subdivision (b)(1) Government Code Section 54956.9)
One Case
Department: Public Health (12-2104)**

Chair Genie Chough stated that there was no reportable action taken.

VI. MISCELLANEOUS

26. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (12-2125)

There were no matters discussed on this item.

27. Public Comment. (12-1085)

No member of the public addressed the Committee.

28. Adjournment. (12-2126)

There being no further business to discuss, the meeting adjourned at 12:15 p.m.